



# भारत का गज़त

## The Gazette of India

अमाधारण

EXTRAORDINARY

भाग II—खण्ड 2

PART II—Section 2

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

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No. २८]

NEW DELHI, FRIDAY, JULY 9, 1971/ASAD HA 18, 1893

इस भाग में भिन्न पृष्ठ संख्या वाली जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed  
as a separate compilation

## LOK SABHA

The following Bills were introduced in Lok Sabha on the 9th July, 1971:—

Bill No. 72-C of 1971

*A Bill to provide for the constitution of an authority for the management of certain aerodromes whereat international air transport services are operated or are intended to be operated and for matters connected therewith.*

Be it enacted by Parliament in the Twenty-second Year of the Republic of India as follows:—

## CHAPTER I

## PRELIMINARY

1. (1) This Act may be called the International Airports Authority Act, 1971. Short title,  
commencement  
and  
application.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

(3) It applies, in the first instance, to the aerodromes of Bombay (Santa Cruz), Calcutta (Dum Dum), Delhi (Palam) and Madras (Meenambakkam) and the Central Government may, by notification in the Official Gazette, apply the provisions of this Act to any other aerodrome whereat international air transport services are operated or are intended to be operated ad with effect from such date as may be specified in the notification.

Definitions.

2. In this Act, unless the context otherwise requires,—

(a) "airport" means an aerodrome as defined in clause (2) of section 2 of the Aircraft Act, 1934 and to which this Act applies or is made applicable;

(b) "airstrip" means an area used or intended to be used for the landing and take-off of aircrafts with short take-off and landing characteristic and includes all buildings and structures thereon or appertaining thereto;

(c) "Authority" means the International Airports Authority of India constituted under section 3;

(d) "Chairman" means the Chairman of the Authority;

(e) "heliport" means an area, either at ground level or elevated on a structure, used or intended to be used for the landing and take-off of helicopters and includes an area for parking helicopters and all buildings and structures thereon or appertaining thereto;

(f) "member" means a member of the Authority and includes the Chairman but for the purposes of sections 4, 5, 6 and 7 does not include the *ex officio* member referred to in clause (b) of sub-section (3) of section 3;

(g) "prescribed" means prescribed by rules made under this Act; and

(h) "regulations" means regulations made under this Act.

## CHAPTER II

### THE INTERNATIONAL AIRPORTS AUTHORITY OF INDIA

Constitution and incorporation of the Authority.

3. (1) With effect from the commencement of this Act, the Central Government shall constitute an authority to be called the International Airports Authority of India.

(2) The Authority shall be a body corporate by the name aforesaid having perpetual succession and a common seal, with power, subject to the provisions of this Act, to acquire, hold and dispose of property, both movable and immovable, and to contract and shall by the said name sue and be sued.

(3) The Authority shall consist of—

(a) a Chairman to be appointed by the Central Government;

(b) the Director-General of Civil Aviation, *ex-officio*; and

(c) not less than six and not more than thirteen members to be appointed by the Central Government.

(4) The Chairman shall be a whole-time member and the other members referred to in clause (c) of sub-section (3) may be appointed as whole-time or part-time members as the Central Government may think fit.

22 of 1934.

(5) The names of persons appointed as members shall be notified by the Central Government in the Official Gazette.

(6) During the temporary absence of the Chairman, the Central Government may appoint another member to act as the Chairman.

4. A person shall be disqualified for being appointed as a member if he—

Disqualification for office of member.

(a) has been convicted and sentenced to imprisonment for an offence, which, in the opinion of the Central Government, involves moral turpitude; or

(b) is an undischarged insolvent; or

(c) is of unsound mind and stands so declared by a competent Court; or

(d) has been removed or dismissed from the service of the Government or a corporation owned or controlled by the Government; or

(e) has, in the opinion of the Central Government, such financial or other interest in the Authority as is likely to affect prejudicially the discharge by him of his functions as a member.

5. (1) Subject to the provisions of section 6, every member shall hold office for a period of three years from the date on which he assumes office:

Term of office and conditions of service of members.

Provided that the Central Government may—

(a) terminate the appointment of any whole-time member, who is not a servant of the Government, after giving him notice for a period of not less than three months or in lieu thereof on payment of an amount equal to his salary and allowances, if any, for a period of three months;

(b) terminate the appointment of any part-time member who is not a servant of the Government after giving him notice for such period as may be prescribed; and

(c) terminate at any time the appointment of any member who is a servant of the Government.

(2) The other conditions of service of the members shall be such as may be prescribed.

(3) Any member may resign his office by giving notice in writing for such period as may be prescribed to the Central Government and, on such resignation being notified in the Official Gazette by that Government, such member shall be deemed to have vacated his office.

(4) A casual vacancy caused by the resignation of a member under sub-section (3) or otherwise may be filled by fresh appointment and the person so appointed shall hold office for the remaining period for which the member in whose place he is appointed would have held office.

Vacation  
of office of  
member.

**6. The Central Government shall remove a member if he—**

(a) becomes subject to any of the disqualifications mentioned in section 4:

Provided that no member shall be removed on the ground that he has become subject to the disqualification mentioned in clause (e) of that section, unless he has been given a reasonable opportunity of being heard in the matter; or

(b) refuses to act or becomes incapable of acting; or

(c) is, without obtaining leave of absence from the Authority, absent from three consecutive meetings of the Authority; or

(d) in the opinion of the Central Government, has so abused his position as to render his continuance in office detrimental to the public interest:

Provided that no member shall be removed under this clause unless he has been given a reasonable opportunity of being heard in the matter.

Eligibility  
of member  
for re-  
appoint-  
ment.

**7. Any person ceasing to be a member shall, unless disqualified under section 4, be eligible for re-appointment as such.**

Meetings.

**8. (1) The Authority shall meet at such times and places and shall observe such rules of procedure in regard to the transaction of business at its meetings (including the quorum at meetings) as may be provided by regulations.**

(2) The Chairman, or, if for any reason he is unable to attend any meeting, any other member chosen by the members present at the meeting, shall preside at the meeting.

(3) All questions which come up before any meeting of the Authority shall be decided by a majority of the votes of the members present and voting, and, in the event of an equality of votes, the Chairman, or in his absence, the person presiding, shall have and exercise a second or casting vote.

Vacancy  
in the  
Authority  
not to  
invalidate  
proceed-  
ings.

**9. No act or proceeding of the Authority shall be deemed to be invalid by reason merely of any vacancy in, or any defect in the constitution of, the Authority.**

Appoint-  
ment of  
officers  
and other  
employees  
of the  
Authority.

**10. (1) For the purpose of enabling it efficiently to discharge its functions under this Act, the Authority shall, subject to the provisions of section 12 and to such rules as may be prescribed in this behalf, appoint (whether on deputation or otherwise) such number of officers and other employees as it may consider necessary:**

Provided that the appointment of such category of officers as may be specified after consultation with the Chairman in such rules, shall be subject to the approval of the Central Government.

(2) Subject to the provisions of section 12, every officer or other employee appointed by the Authority shall be subject to such conditions of service and shall be entitled to such remuneration as may be determined by regulations.

**11.** In the discharge of its functions under this Act, the Authority shall act, so far as may be, on business principles. Authority to act on business principles.

### CHAPTER III

#### PROPERTY AND CONTRACTS

**12. (1)** Save as otherwise provided in sub-section (2), as from such date as the Central Government may appoint by notification in the Official Gazette in relation to any airport,—

(a) all properties and other assets vested in the Central Government for the purposes of the airport and administered by the Director-General of Civil Aviation immediately before such day shall vest in the Authority;

(b) all debts, obligations and liabilities incurred, all contracts entered into and all matters and things engaged to be done by, with, or for the Central Government immediately before such day for or in connection with the purposes of the airport shall be deemed to have been incurred, entered into and engaged to be done by, with, or for the Authority;

(c) all non-recurring expenditure incurred by the Central Government for or in connection with the purposes of the airport up to such day and declared to be capital expenditure by the Central Government shall, subject to such terms and conditions as may be determined by the Central Government, be treated as the capital provided by the Central Government to the Authority;

(d) all sums of money due to the Central Government in relation to the airport immediately before such day shall be deemed to be due to the Authority;

(e) all suits and other legal proceedings instituted or which could have been instituted by or against the Central Government immediately before such day for any matter in relation to the airport may be continued or instituted by or against the Authority;

(f) every employee holding any office under the Central Government immediately before such day solely or mainly for or in connection with such affairs of the airport as are relevant to the functions of the Authority under this Act shall be treated as on deputation with the Authority but shall hold his office in the Authority by the same tenure and upon the same terms and conditions of service as respects remuneration, leave, provident fund, retirement or other terminal benefits as he would have held such office, if the Authority had not been constituted and shall continue to do so until the Central Government, either on its own motion or at the request of the Authority, recalls such employee to its service or until the Authority, with the concurrence of the Central Government, duly absorbs such employee in its regular service, whichever is earlier;

Transfer of assets and liabilities of Central Government to the Authority.

Provided that during the period of deputation of any such employee with the Authority, the Authority shall pay to the Central Government, in respect of every such employee, such contribution towards his leave salary, pension and gratuity as the Central Government may, by order, determine:

Provided further that any such employee, who has, in respect of the proposal of the Authority to absorb him in its regular service, intimated within such time as may be specified in this behalf by the Authority his intention of not becoming a regular employee of the Authority, shall not be absorbed by the Authority in its regular service.

(2) As from the date determined by the Central Government under the proviso to sub-section (2) of section 16,—

(a) the equipment and appliances relating to air navigation services and the buildings used exclusively for such services immediately before such day shall vest in the Authority;

(b) all debts, obligations and liabilities incurred, all contracts entered into and all matters and things engaged to be done by, with, or for the Central Government immediately before such day for or in connection with air navigation services shall be deemed to have been incurred, entered into and engaged to be done by, with, or for the Authority;

(c) all sums of money due to the Central Government for or in connection with air navigation services immediately before such day shall be deemed to be due to the Authority;

(d) all suits and other legal proceedings instituted or which could have been instituted by or against the Central Government immediately before such day for any matter in connection with air navigation services may be continued or instituted by or against the Authority;

(e) every employee holding any office under the Central Government immediately before such day solely or mainly for or in connection with air navigation services shall be treated as on deputation with the Authority but shall hold his office in the Authority by the same tenure and upon the same terms and conditions of service as respects remuneration, leave, provident fund, retirement or other terminal benefits as he would have held such office if the Authority had not been constituted and shall continue to do so until the Central Government, either on its own motion or at the request of the Authority, recalls such employee to its service or until the Authority, with the concurrence of the Central Government, duly absorbs such employee in its regular service, whichever is earlier:

Provided that during the period of deputation of any such employee with the Authority, the Authority shall pay to the Central Government, in respect of every such employee, such contribution towards his leave salary, pension and gratuity as the Central Government may, by order, determine:

Provided further that any such employee, who has, in respect of the proposal of the Authority to absorb him in its regular service, intimated within such time as may be specified in this behalf by the Authority his intention of not becoming a regular employee of the Authority, shall not be absorbed by the Authority in its regular service.

(3) If any dispute or doubt arises as to which of the properties, rights or liabilities of the Central Government have been transferred to the Authority or as to which of the employees serving under the Central Government are to be treated as on deputation with the Authority, under this section, such dispute or doubt shall be decided by the Central Government in consultation with the Authority and the decision of the Central Government thereon shall be final.

14 of 1947.

(4) Notwithstanding anything contained in the Industrial Disputes Act, 1947 or in any other law for the time being in force, the absorption of any employee by the Authority in its regular service under this section shall not entitle such employee to any compensation under that Act or other law and no such claim shall be entertained by any court, tribunal or other authority.

(5) In this section and in section 16, the expression "air navigation services", in relation to any airport, means air traffic services (including aeronautical and flight information services), aeronautical communication and navigational aids and meteorological services at such airport.

1 of 1894.

**13.** Any land required by the Authority for discharging its functions under this Act shall be deemed to be needed for a public purpose and such land may be acquired for the Authority under the provisions of the Land Acquisition Act, 1894 or of any other corresponding law for the time being in force.

Compulsory acquisition of land for the Authority.

**14.** Subject to the provisions of section 15, the Authority shall be competent to enter into and perform any contract necessary for the discharge of its functions under this Act.

Contracts by the Authority.

**15.** (1) Every contract shall, on behalf of the Authority, be made by the Chairman or such other member or such officer of the Authority as may be generally or specially empowered in this behalf by the Authority and such contracts or class of contracts as may be specified in the regulations shall be sealed with the common seal of the Authority:

Mode of executing contracts on behalf of the Authority

Provided that no contract exceeding such value or amount as the Central Government may, from time to time, by order, fix in this behalf shall be made unless it has been previously approved by the Authority:

Provided further that no contract for the acquisition or sale of immovable property or for the lease of any such property for a term exceeding thirty years and no other contract exceeding such value or amount as the Central Government may, from time to time, by order, fix in this behalf shall be made unless it has been previously approved by the Central Government.

(2) Subject to the provisions of sub-section (1), the form and manner in which any contract shall be made under this Act shall be such as may be prescribed by regulations.

(3) No contract which is not in accordance with the provisions of this Act and the regulations shall be binding on the Authority.

## CHAPTER IV

### FUNCTIONS OF THE AUTHORITY

**Functions  
of the  
Authority.**

16. (1) Subject to the rules, if any, made by the Central Government in this behalf, it shall be the function of the Authority to manage the airports efficiently.

(2) It shall be the duty of the Authority to provide at the airports such services and facilities as are necessary or desirable for the efficient operation of air transport services thereat:

Provided that the function of providing air navigation services at the airports shall continue to be discharged by the Central Government until such date as that Government may, by order, determine.

(3) Without prejudice to the generality of the provisions contained in sub-sections (1) and (2), the Authority may—

(a) plan, develop, construct and maintain runways, taxiways, aprons and terminal and ancillary buildings at the airports;

(b) construct residential buildings and create townships for its employees;

(c) establish and maintain hotels, restaurants and rest-rooms at or near the airports;

(d) establish warehouses at the airports for the storage or processing of goods;

(e) arrange for postal, money exchange, insurance and telephone facilities for the use of passengers and other persons at the airports;

(f) make appropriate arrangements for watch and ward at the airports;

(g) regulate and control the plying of vehicles, and the entry and exit of passengers and visitors, in the airports with due regard to the protocol functions of the Government of India;

(h) develop and provide consultancy services in India and abroad in relation to planning and development of airports or any facilities thereat;

(i) establish and manage heliports and airstrips;

(j) provide such transport facilities as are, in the opinion of the Authority, necessary to the passengers travelling by air;

(k) form one or more companies under the Companies Act, 1956 or under any other law relating to companies to further the efficient discharge of the functions imposed on it by this Act; and

(l) take all such steps as may be necessary or convenient for, or may be incidental to, the exercise of any power or the discharge of any function conferred or imposed on it by this Act.

(4) In the discharge of its functions under this section, the Authority shall have due regard to the development of air transport service and to the efficiency, economy and safety of such service.

(5) Nothing contained in this section shall be construed as—

(a) imposing an obligation on the Authority to discharge any function or duty under this section with respect to any airport in relation to which a notification has not been issued under sub-section (1) of section 12;

(b) authorising the disregard by the Authority of any law for the time being in force; or

(c) authorising any person to institute any proceeding in respect of a duty or liability to which the Authority or its officers or other employees would not otherwise be subject.

## CHAPTER V

### FINANCE, ACCOUNTS AND AUDIT

**17. The Authority may,—**

(i) with the previous approval of the Central Government, charge fees or rent,—

(a) for the landing, housing or parking of aircrafts or for any other service or facility offered in connection with aircraft operations, at any airport, heliport or airstrip.

*Explanation.—*In this sub-clause “aircraft” does not include an aircraft belonging to the Indian Defence Services and “aircraft operations” do not include operations of any aircraft belonging to the said Services;

(b) for the amenities given to the passengers and visitors at any airport, heliport or airstrip;

(c) for the use and enjoyment by persons of facilities and other services provided by the Authority at any airport, heliport or airstrip;

(ii) with due regard to the instructions that the Central Government may give to the Authority, from time to time, charge fees or rent from persons who are given by the Authority any facility for carrying on any trade or business at any airport.

**18. The Central Government may, after due appropriation made by Parliament by law in this behalf,—**

(a) provide any capital, over and above the capital provided under clause (c) of sub-section (1) of section 12, that may be required by the Authority for the discharge of its functions under this Act or for any purpose connected therewith on such terms and conditions as that Government may determine;

(b) pay to the Authority, on such terms and conditions as the Central Government may determine, by way of loans or grants such sums of money as that Government may consider necessary for the efficient discharge by the Authority of its functions under this Act,

Power  
of the  
Authority  
to charge  
fees, rent,  
etc

Additional  
capital  
and  
grants to  
the  
Authority  
by the  
Central  
Govern-  
ment.

Fund of  
the  
Authority.

**19.** (1) The Authority shall have its own fund and all receipts of the Authority shall be credited thereto and all payments of the Authority shall be made therefrom.

(2) The Authority shall have power, subject to the provisions of this Act, to spend such sums as it thinks fit to cover all administrative expenses of the Authority and on objects or for purposes authorised by this Act and such sums shall be treated as expenditure out of the fund of the Authority.

(3) All moneys standing at the credit of the Authority which cannot immediately be applied as provided in sub-section (2) shall be deposited in the State Bank of India or in such scheduled bank or banks and subject to such conditions as may from time to time be specified by the Central Government.

*Explanation.*—In this sub-section “scheduled bank” has the same meaning as in clause (e) of section 2 of the Reserve Bank of India Act, 1934.

2 of 1934.

Alloc-  
toin of  
surplus  
funds.

**20.** (1) The Authority may, from time to time, set apart such amounts as it thinks fit as a reserve fund or funds for the purpose of expanding existing facilities or services or creating new facilities or services at any airport or for the purpose of providing against any temporary decrease of revenue or increase of expenditure from transient causes or for purposes of replacement or for meeting expenditure arising from loss or damage from fire, cyclone, air-crash or other accident or for meeting any liability arising out of any act or omission in the discharge of its functions under this Act:

Provided that without prejudice to the right of the Authority to establish specific reserves for one or more specific purposes, the Authority shall also have the power to establish a general reserve:

Provided further that the sums set apart annually in respect of each or any of the specific and general reserves and the aggregate at any time of such sums shall not exceed such limits as may, from time to time, be fixed in that behalf by the Central Government.

(2) After making provision for such reserve fund or funds and for bad and doubtful debts, depreciation in assets and all other matters which are usually provided for by companies registered and incorporated under the Companies Act, 1956, the Authority shall pay the balance of its annual net profits to the Central Government.

1 of 1956.

Submis-  
sion of  
pro-  
and finan-  
cial esti-  
mates.

**21.** (1) The Authority shall, before the commencement of each financial year, prepare a statement of the programme of its activities during the forthcoming financial year as well as a financial estimate in respect thereof.

(2) The statement prepared under sub-section (1) shall, not less than three months before the commencement of each financial year, be submitted for approval to the Central Government.

(3) The statement and the financial estimates of the Authority may, with the approval of the Central Government, be revised by the Authority.

22. The Authority may invest its funds (including any reserve fund) in the securities of the Central Government or in such other manner as may be prescribed.

Investment of funds.

23. (1) The Authority may, with the consent of the Central Government or in accordance with the terms of any general or special authority given to it by the Central Government, borrow money from any source by the issue of bonds, debentures or such other instruments as it may deem fit for discharging all or any of its functions under this Act.

Borrowing powers of the Authority.

(2) The Central Government may guarantee in such manner as it thinks fit the repayment of the principal and the payment of interest thereon with respect to the loans borrowed by the Authority under sub-section (1).

(3) Subject to such limits as the Central Government may, from time to time, lay down, the Authority may borrow temporarily by way of overdraft or otherwise such amounts as it may require for discharging its functions under this Act.

24. (1) The Authority shall maintain proper accounts and other relevant records and prepare an annual statement of accounts including the profit and loss account and the balance-sheet in such form as may be prescribed by the Central Government in consultation with the Comptroller and Auditor-General of India.

Accounts and audit.

(2) The accounts of the Authority shall be audited annually by the Comptroller and Auditor-General of India and any expenditure incurred by him in connection with such audit shall be payable by the Authority to the Comptroller and Auditor-General of India.

(3) The Comptroller and Auditor-General of India and any person appointed by him in connection with the audit of the accounts of the Authority shall have the same rights and privileges and authority in connection with such audit as the Comptroller and Auditor-General has in connection with the audit of Government accounts and, in particular, shall have the right to demand the production of books, accounts, connected vouchers, documents and papers and inspect any of the offices of the Authority.

(4) The accounts of the Authority as certified by the Comptroller and Auditor-General of India or any other person appointed by him in this behalf together with the audit report thereon shall be forwarded annually to the Central Government and that Government shall cause the same to be laid before both Houses of Parliament.

## CHAPTER VI

### MISCELLANEOUS

25. (1) The Authority shall, as soon as may be after the end of each financial year, prepare and submit to the Central Government in such form as may be prescribed a report giving an account of its activities during that financial year and the report shall also give an account of the activities which are likely to be undertaken by the Authority during the next financial year.

Submission of annual reports to Parliament.

(2) The Central Government shall cause such report to be laid before both Houses of Parliament as soon as may be after it is submitted.

**Delega-  
tion.**

26. The Authority may, by general or special order in writing, delegate to the Chairman or any other member or to any officer of the Authority, subject to such conditions and limitations, if any, as may be specified in the order, such of its powers and functions under this Act (except the powers under section 37) as it may deem necessary.

**Authenti-  
cation of  
orders and  
other ins-  
truments  
of the  
Authority.**

27. All orders and decisions of the Authority shall be authenticated by the signature of the Chairman or any other member authorised by the Authority in this behalf and all other instruments executed by the Authority shall be authenticated by the signature of an officer of the Authority authorised by the Authority in this behalf.

**Officers  
and em-  
ployees of  
the Autho-  
rity to be  
public  
servants.**

28. All officers and employees of the Authority shall, when acting or purporting to act in pursuance of the provisions of this Act or of any rule or regulation made thereunder, be deemed to be public servants within the meaning of section 21 of the Indian Penal Code.

45 of 1860.

**Protection  
of action  
taken  
under the  
Act.**

29. No suit, prosecution or other legal proceeding shall lie against the Authority or any member or any officer or other employee of the Authority for anything which is in good faith done or intended to be done in pursuance of this Act or of any rule or regulation made thereunder or for any damage sustained by any aircraft or vehicle in consequence of any defect in any of the airports or other things belonging to or under the control of the Authority.

**Custody  
and dis-  
posal of  
lost pro-  
perty.**

30. Subject to such regulations as the Authority may make in this behalf, the Authority shall provide for securing the safe custody and restoration of any property which, while not in proper custody, is found on any premises belonging to the Authority or under its overall control or in any aircraft on any such premises.

**Provisions  
relating  
to income-  
tax.**

31. For the purposes of the Income-tax Act, 1961 or any other enactment for the time being in force relating to income-tax or any other tax on income, profits or gains, the Authority shall be deemed to be a company within the meaning of the Income-tax Act, 1961 and shall be liable to tax accordingly on its income, profits and gains.

43 of 1961.

**Power  
of the  
Authority  
to under-  
take cer-  
tain  
works.**

32. The Authority may undertake to carry out on behalf of any person any works or services or any class of works or services on such terms and conditions as may be agreed upon between the Authority and the person concerned.

**Power of  
Central  
Govern-  
ment to  
tempo-  
rarily  
divest  
the  
Authority  
from the  
manage-  
ment of  
any  
airport.**

33. (1) If at any time the Central Government is of opinion that in the public interest it is necessary or expedient so to do, it may, by order, direct the Authority to entrust the management of any airport with effect from such date and to such person as may be specified in the order and the Authority shall be bound to comply with such direction:

Provided that before an order is made under this sub-section the Authority shall be given a reasonable opportunity of being heard in the matter.

(2) Where the management of any airport is entrusted to any person specified under sub-section (1) (hereafter in this section referred to as

the authorised person), the Authority shall cease to exercise and discharge all its powers and functions under this Act in relation to such airport and such powers and functions shall be exercised and discharged by the authorised person in accordance with the instructions, if any, which the Central Government may give to the authorised person from time to time:

Provided that no such power or function as may be specified by the Central Government by a general or special order shall be exercised or discharged by the authorised person except with the previous sanction of the Central Government.

(3) An order made under sub-section (1) shall, unless rescinded, be in operation for a period of six months from the date on which the management of the airport is entrusted to the authorised person:

Provided that the Central Government may extend such period for a further period or periods not exceeding eighteen months.

(4) During the operation of an order made under sub-section (1), it shall be competent for the Central Government to issue, from time to time, such directions to the Authority as are necessary to enable the authorised person to exercise the powers and discharge the functions of the Authority under this Act in relation to the airport, the management of which has been entrusted to him and in particular to transfer any sum of money from the fund of the Authority to the authorised person for the management of the airport and every such direction shall be complied with by the Authority.

(5) On the cesser of operation of any order made under sub-section

(1) in relation to any airport, the authorised person shall cease to exercise and perform the powers and functions of the Authority under this Act in relation to such airport and the Authority shall continue to exercise and perform such powers and functions in accordance with the provisions of this Act.

(6) On the cesser of operation of any order made under sub-section

(1) in relation to any airport, the authorised person shall hand over to the Authority any property (including any sum of money or other asset) remaining with him in connection with the management of such airport.

(7) Anything done or any action taken lawfully by the authorised person in relation to any airport during the period of operation of an order made under sub-section (1) shall be deemed to have been done or taken by the Authority and shall be binding on the Authority.

#### 34. (1) If, at any time, the Central Government is of opinion—

(a) that on account of a grave emergency, the Authority is unable to discharge the functions and duties imposed on it by or under the provisions of this Act; or

(b) that the Authority has persistently made default in complying with any direction issued by the Central Government under this Act or in the discharge of the functions and duties imposed on it by or under the provisions of this Act and as a result of which default the financial position of the Authority or the administration of any airport has deteriorated; or

Power  
of Cen-  
tral Gov-  
ernment  
to super-  
sede the  
Authority.

(c) that circumstances exist which render it necessary in the public interest so to do,

the Central Government may, by notification in the Official Gazette, supersede the Authority for such period, not exceeding six months, as may be specified in the notification:

Provided that before issuing a notification under this sub-section for the reasons mentioned in clause (b), the Central Government shall give a reasonable opportunity to the Authority to show cause why it should not be superseded and shall consider the explanations and objections, if any, of the Authority.

(2) Upon the publication of a notification under sub-section (1) superseding the Authority,—

(a) all the members shall, as from the date of supersession, vacate their offices as such;

(b) all the powers, functions and duties which may, by or under the provisions of this Act, be exercised or discharged by or on behalf of the Authority, shall, until the Authority is re-constituted under sub-section (3), be exercised and discharged by such person or persons as the Central Government may direct;

(c) all property owned or controlled by the Authority shall, until the Authority is re-constituted under sub-section (3), vest in the Central Government.

(3) On the expiration of the period of supersession specified in the notification issued under sub-section (1), the Central Government may—

(a) extend the period of supersession for such further term, not exceeding six months, as it may consider necessary; or

(b) re-constitute the Authority by fresh appointment and in such case any persons who vacated their offices under clause (a) of sub-section (2) shall not be deemed disqualified for appointment:

Provided that the Central Government may, at any time before the expiration of the period of supersession, whether as originally specified under sub-section (1) or as extended under this sub-section, take action under clause (b) of this sub-section.

(4) The Central Government shall cause a notification issued under sub-section (1) and a full report of any action taken under this section and the circumstances leading to such action to be laid before both Houses of Parliament at the earliest opportunity.

**35. (1)** Without prejudice to the foregoing provisions of this Act, the Authority shall, in the discharge of its functions and duties under this Act, be bound by such directions on questions of policy as the Central Government may give in writing to it from time to time:

Provided that the Authority shall, as far as practicable, be given opportunity to express its views before any direction is given under this sub-section.

**(2)** The decision of the Central Government whether a question is one of policy or not shall be final.

**36.** (1) The Central Government may, by notification in the Official Gazette, make rules for carrying out the purposes of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for—

Power  
of Cen-  
tral Gov-  
ernment  
to make  
rules.

(a) the conditions of service of the Chairman and other members under section 5 including the salaries payable to the Chairman and to the members who are required to render whole-time service and the fees and allowances payable to the members who are required to render part-time service;

(b) the period of notice required to terminate the appointment of any member, who is required to render part-time service and who is not a servant of the Government, under section 5, and the period of notice that may be given to the Central Government by a member before he resigns his office, under that section;

(c) the conditions and limitations subject to which the Authority may appoint officers and other employees under sub-section (1) of section 10;

(d) the terms and conditions subject to which the non-recurring expenditure incurred by the Central Government for or in connection with the purposes of any airport shall be treated as the capital provided by the Central Government to the Authority under clause (c) of sub-section (1) of section 12;

(e) the manner in which the Authority may invest its funds under section 22;

(f) the form in which the Authority shall prepare the annual statement of accounts including the profit and loss account and the balance-sheet under section 24; and

(g) any other matter which is to be or may be prescribed.

(3) Every rule made under this section shall be laid as soon as may be after it is made before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two successive sessions and if before the expiry of the session in which it is so laid or the session immediately following both Houses agree in making any modification in the rule, or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

**37.** (1) The Authority may make regulations not inconsistent with this Act and the rules made thereunder to provide for all matters for which provision is necessary or expedient for the purpose of giving effect to the provisions of this Act.

(2) Without prejudice to the generality of the foregoing power, such regulations may provide for—

Power  
of the  
Authority  
to make  
regula-  
tions.

(a) the times and places of the meetings of the Authority and the procedure to be followed for the transaction of business at such meetings under sub-section (1) of section 8;

- (b) the conditions of service and the remuneration of officers and other employees appointed by the Authority;
- (c) the contracts or class of contracts which are to be sealed with the common seal of the Authority and the form and manner in which a contract may be made by the Authority;
- (d) the storage or processing of goods in any warehouse established by the Authority under clause (d) of sub-section (3) of section 16 and the charging of fees for such storage or processing;
- (e) the custody and restoration of lost property and the terms and conditions under which lost property may be restored to the person entitled thereto, under section 30;
- (f) the disposal of any lost property in cases where such property is not restored under section 30;
- (g) securing the safety of aircraft, vehicles, and persons using the airport and preventing danger to the public arising from the use and operation of aircraft in the airport;
- (h) preventing obstruction within the airport for its normal functioning;
- (i) prohibiting the parking or waiting of any vehicle or carriage within the airport except at places specified by the Authority;
- (j) prohibiting or restricting access to any part of the airport;
- (k) preserving order within the airport and preventing damage to property therein;
- (l) regulating or restricting advertising within the airport;
- (m) requiring any person, if so directed by an officer appointed by the Authority in this behalf, to leave the airport or any particular part of the airport; and
- (n) generally for the efficient and proper management of the airport.

**Supple-  
men-tal  
provi-sions re-spect-ing  
regula-tions.**

**38.** (1) Any regulation which may be made by the Authority under this Act may be made by the Central Government by notification in the Official Gazette within one year of the constitution of the Authority and any regulation so made may be altered or rescinded by the Authority by means of a regulation made by it under this Act.

(2) No regulation made by the Authority under this Act shall have effect until it has been approved by the Central Government and published in the Official Gazette.

**Penalty  
for  
breach  
of certain  
regula-tions.**

**39.** Any regulation made under any of the clauses (g) to (m) (inclusive) of sub-section (2) of section 37 may provide that a contravention thereof shall be punishable with fine which may extend to five hundred rupees and in the case of a continuing contravention with an additional fine which may extend to twenty rupees for every day during which such contravention continues after conviction for the first such contravention.

**40 (1)** If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by general or special order published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act as appear to it to be necessary or expedient for the removal of the difficulty:

Power to remove difficulties.

Provided that no such order shall be made after the expiration of one year from the commencement of this Act.

**(2)** Every order made under sub-section (1) shall be laid, as soon as may be after it is made, before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two successive sessions and if before the expiry of the session in which it is so laid or the session immediately following both Houses agree in making any modification in the order or both Houses agree that the order should not be made, the order shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that order.

**41.** In sub-section (2) of section 5 of the Aircraft Act, 1934, for clause (b), the following clause shall be substituted, namely:—

Amendment of Act 22 of 1934.

“(b) the licensing, inspection and regulation of aerodromes, the conditions under which aerodromes may be maintained, the prohibition or regulation of the use of unlicensed aerodromes and the fees which may be charged at those aerodromes to which the International Airports Authority Act, 1971 does not apply or is not made applicable:

Provided that until the date determined by the Central Government under the proviso to sub-section (2) of section 16 of the International Airports Authority Act, 1971 any rule made under this clause may provide for the charging of fees for providing air traffic services (including aeronautical and flight information services), aeronautical communication and navigational aids and meteorological services at any aerodrome to which the said Act applies or is made applicable.”.

### STATEMENT OF OBJECTS AND REASONS

The international airports at Delhi, Bombay, Calcutta and Madras are the aerial gateways of India, and are becoming increasingly important in developing India's trade and tourism. Owing to the rapid growth of traffic, and the increasing impact of technological development in the shape of large capacity sub-sonic and super-sonic jet aircraft, the organisation and management of these four international airports will assume increasing importance in the years to come.

2. To determine and advise Government on the action required to be taken to provide these international airports with the buildings, equipment, facilities and organisation necessary to cater to the needs of passenger and goods traffic, baggage and cargo handling, and other related matters, a high powered International Airports Committee was appointed in July, 1967 under the Chairmanship of Shri J. R. D. Tata. The Committee has made a number of recommendations for the phased development of the four international airports spread over a period of fifteen years, corresponding to three Five Year Plans commencing from April, 1969. The recommendations of the Committee would involve an estimated total expenditure of Rs. 106.12 crore—Rs. 63.56 crore to be spent in the Fourth Plan (1969—74), Rs. 35.54 crore in the Fifth Plan (1974—79) and the balance of Rs. 7.02 crore to spill over to the Sixth Plan. A provision of about Rs. 37.00 crore (excluding Rs. 10 crore for provision of communication and navigational aids) has been made for the aforesaid four international airports in the Fourth Five Year Plan of the Civil Aviation Department.

3. An important point made by the Committee is that the success in spending effectively the large outlays for the creation of the new airport facilities will depend largely on the speed and flexibility with which the project is launched and administered. Keeping in view the compulsions of Government procedures, the Committee urged that a Corporation should be set up under the Indian Companies Act, and all the present and future assets of the four international airports placed under its ownership and management, except for the functions of aeronautical communication, navigation and air traffic services as well as weather forecasting services which should continue to be under the control of the Departments of Civil Aviation and Meteorology respectively. In the opinion of the Committee, only a commercially oriented organisation with sufficient flexibility and autonomy in financial matters, and freed from the requirements of regular Government procedures, would be able to provide the drive and speed so necessary for the quick development and business-like management of these airports. A sub-Committee appointed by the International Airports Committee in this regard had come to the definite conclusion that the creation of an autonomous Airport Authority would not cause any additional burden or liability on the Central Government budget and would in fact have definite functional advantages.

4. The proposed Airports Authority will be engaged in creating, maintaining and providing services and facilities, rather than in the produc-

tion of or trade in goods. For the purposes of coordination with various Government agencies, a Joint Stock Company under the Indian Companies Act may be ill-suited. The decision of Government on the recommendations of the Administrative Reforms Commission is that the statutory corporation form is preferable for enterprises providing public utilities which are primarily intended to develop basic infrastructure facilities, as is the case here. It is accordingly proposed to constitute a statutory Authority for the development and management of the four international airports of Delhi, Bombay, Calcutta and Madras. Power has also been conferred on the Central Government to apply the provisions of the Act to any other airport where international air transport services are operated or are intended to be operated.

5. The Bill seeks to achieve the above object.

6. The notes on clauses appended to the Bill explain the more important provisions of the Bill.

NEW DELHI;

*The 15th May, 1971.*

KARAN SINGH.

*Notes on clauses*

*Clause 1.*—Under sub-clause (3), the Act will apply, in the first instance, to the aerodromes of Bombay, Calcutta, Delhi and Madras and power has been conferred on the Central Government to apply the provisions of the Act to any other aerodrome where at international air transport services are operated or are intended to be operated.

*Clause 3.*—The clause provides for the constitution of the International Airports Authority of India. Under the clause the Authority will be a body corporate and will consist of a whole-time Chairman, who will be its chief executive, and such number of other whole-time or part-time members, being not less than seven and not more than fourteen. The Director General of Civil Aviation will be one of the *ex officio* members of the Authority.

*Clauses 4 to 11.*—These clauses make provision for disqualification for office of member, the term of office and conditions of service of members and other matters relating to the functioning of the Authority. Every member of the Authority, other than the *ex officio* member, shall ordinarily be entitled to hold office for a period of three years from the date on which he assumes office.

*Clause 12.*—The clause provides for the transfer of assets and liabilities of the Central Government to the Authority. All non-recurring expenditure incurred by the Central Government for or in connection with the purposes of the airports to which the Act applies and declared to be capital expenditure shall be treated as the capital provided by the Central Government to the Authority.

Keeping in view the difficulties involved in the initial transfer of responsibility for the international airports to the Authority, on the appointed day, provision has been made to the effect that every employee holding any office under the Central Government immediately before the appointed day solely or mainly for or in connection with such affairs of the airport as are relevant to the functions of the Authority shall be treated as on deputation with the Authority. However, every such employee shall hold his office in the Authority by the same tenure and upon the same terms and conditions of service as respects remuneration, leave, provident fund and retirement or other terminal benefits as he would have held if the Authority had not been constituted and shall continue to do so until the Central Government, either on its own motion or at the request of the Authority, recalls such employee to its service or until the Authority, with the concurrence of the Central Government, duly absorbs such employee in its regular service, whichever is earlier. During the period of deputation of every such employee with the Authority, the Authority shall pay to the Central Government in respect of every such employee such contribution towards his leave salary,

pension and gratuity as the Central Government may, by order, determine. Provision has also been made in the clause to the effect that any employee who has, in respect of the proposal of the Authority to absorb him in its regular service, intimated within such time as may be specified in this behalf by the Authority his intention of not becoming a regular employee of the Authority, shall not be absorbed by the Authority in its regular service.

*Clause 13.*—The clause provides that any land required by the Authority for discharging its functions under the Act shall be deemed to be needed for a public purpose and such land may be acquired for the Authority under the provisions of the Land Acquisition Act, 1894 or of any other corresponding law for the time being in force.

*Clause 14.*—The clause empowers the Authority to enter into and perform any contract necessary for the discharge of its functions under the Act.

*Clause 15.*—The clause provides for the modes of executing contracts on behalf of the Authority. Provision has also been made in the clause to the effect that no contract for the acquisition or sale of immovable property or for the lease of any such property for a term exceeding thirty years and no other contract exceeding such value or amount as the Central Government may, from time to time, by order, fix in this behalf shall be made unless it has been previously approved by the Central Government.

*Clause 16.*—The clause provides for the functions of the Authority. It shall be the function of the Authority to manage the airports to which the Act applies or is made applicable, efficiently. An obligation has been cast on the Authority to provide at the airports such services and facilities as are necessary or desirable for the efficient operation of air transport services thereat. However, the function of providing air navigation services, that is to say, air traffic services, aeronautical communication and navigational aids and meteorological services, will continue to be provided at the airports by the Central Government until and unless the Central Government, by order, entrust the same to the Authority.

Sub-clause (3) of the clause enumerates the various functions of the Authority.

*Clause 17.*—The clause empowers the Authority to charge, with the previous approval of the Central Government, fees or rent for the landing, etc., of aircrafts, for the amenities given to the passengers and visitors at airports and for the use and enjoyment by persons of facilities and other services provided by the Authority at the airports. The aircrafts belonging to the Indian Defence Services will not be liable to be charged any fees or rent by the Authority for their landing, etc., or for any other service or facility offered by the Authority in connection with the operation of such aircrafts. The Authority is also empowered to charge fees or rent from persons who are given by the Authority any facility for carrying on any trade or business at any airport.

*Clause 18.*—The clause empowers the Central Government, on such terms and conditions as the Central Government may determine, to provide additional capital to the Authority and also to pay to the Authority,

by way of loans or grants such sums of money as the Central Government may consider necessary for the efficient discharge by the Authority of its functions under the Act.

*Clause 19.*—The clause provides for the fund of the Authority. The Authority will have its own fund and all its receipts shall be credited thereto and all its payments shall be made therefrom. Provision has also been made in the clause for the deposit of moneys standing at the credit of the Authority and which cannot immediately be applied for any purpose.

*Clause 20.*—The clause provides for the establishment of a reserve fund or funds for the purpose of expanding existing facilities or services or creating new facilities or services at any airport or for the purpose of providing against any temporary decrease of revenue or increase of expenditure from transient causes or for purposes of replacement or for meeting expenditure arising from loss or damage from fire, cyclone, air-crash or other accident or for meeting any liability arising out of any act or omission in the discharge of the functions of the Authority under the Act. After making provision for reserve funds, bad and doubtful debts, depreciation etc., the Authority shall pay the balance of its annual net profits to the Central Government.

*Clause 21.*—Under the clause, an obligation has been imposed on the Authority to prepare, before the commencement of each financial year, a statement of the programme of its activities during the forthcoming financial year as well as a financial estimate in respect thereof. The statement so prepared shall be submitted by the Authority for the approval of the Central Government.

*Clause 22.*—The clause empowers the Authority to invest its funds in the securities of the Central Government or in such other manner as may be prescribed.

*Clause 23.*—The clause empowers the Authority to borrow money from any source by the issue of bonds, debentures or such other instruments as it may deem fit for discharging all or any of its functions under the Act. The loans borrowed by the Authority may be guaranteed by the Central Government for the re-payment of the principal and the payment of interest thereon.

*Clause 24.*—The clause provides for the audit of accounts of the Authority by the Comptroller and Auditor General of India.

*Clause 25.*—The clause imposes an obligation on the Authority to prepare and submit to the Central Government, after the end of each financial year, a report giving an account of its activities during that financial year and also of the activities which are likely to be undertaken by the Authority during the next financial year. The report submitted by the Authority to the Central Government will be laid before both Houses of Parliament.

*Clause 26.*—The clause empowers the Authority to delegate to the Chairman or any other member or to any officer of the Authority such of its powers and functions under the Act, except the powers under clause 37, as it may deem necessary.

*Clause 27.*—The clause makes provision for authentication of orders and other instruments of the Authority.

*Clause 30.*—The clause imposes an obligation on the Authority to provide for securing the safe custody and restoration of any property, which, while not in proper custody, is found on any premises belonging to the Authority or under its overall control or in any aircraft on any such premises.

*Clause 31.*—Under the clause, the income, profits or gains of the Authority will be liable to tax under the Income-tax Act, 1961 as if it were a company.

*Clause 32.*—The clause empowers the Authority to carry out on behalf of any person any works or services or any class of works or services on such terms and conditions as may be agreed upon between the Authority and the person concerned.

*Clause 33.*—The clause empowers the Central Government to temporarily divest the Authority of the management of any airport in cases where the Central Government is of opinion that in the public interest it is necessary or expedient so to do. When the Authority is temporarily divested of the management of any airport, such management shall be entrusted by the Central Government to such person as may be specified in the order divesting the Authority of such management. An order divesting the Authority of the management of any airport will be in operation for a period of six months from the date of the issue of the order and the Central Government is empowered to extend the said period of six months for a further period or periods not exceeding eighteen months.

*Clause 34.*—The clause provides that the Authority may be superseded on any of the three grounds, namely, (i) if on account of a grave emergency the Authority is unable to discharge the functions and duties imposed on it by the Act, (ii) if the Authority has persistently made default in complying with any direction issued by the Central Government under the Act or in the discharge of the functions and duties imposed on the Authority by the Act and as a result of which default the financial position of the Authority or the administration of any airport has deteriorated, and (iii) if circumstances exist which render it necessary in the public interest to supersede the Authority. The Authority may be superseded for a period not exceeding six months. The Central Government is empowered to extend the period of supersession for such further term not exceeding six months as it may consider necessary, or reconstitute the Authority during or on the expiry of the period of supersession.

*Clause 35.*—The clause empowers the Central Government to issue, from time to time, directions to the Authority on questions of policy, and the Authority shall be bound by the directions so issued.

*Clause 36.*—The clause empowers the Central Government to make rules for carrying out the purposes of the Act. The matters with respect to which rules may be made are enumerated in sub-clause (2).

*Clause 37.*—The clause empowers the Authority to make regulations not inconsistent with the Act and the rules made thereunder to provide

for all matters for which provision is necessary or expedient for the purpose of giving effect to the provisions of the Act. The particular matters with respect to which regulations may be made are enumerated in sub-clause (2).

*Clause 38.*—The clause empowers the Central Government to make the first regulations under the Act within a period of one year of the constitution of the Authority. The clause further provides that no regulation made by the Authority under the Act shall have effect until it has been approved by the Central Government and published in the Official Gazette.

*Clause 39.*—The clause provides for penalty for breach of regulations made under sub-clauses (2) (g) to (2) (m) of clause 37.

*Clause 40.*—The clause empowers the Central Government to make orders for the removal of any difficulty which may arise in giving effect to the provisions of the Act.

*Clause 41.*—The clause seeks to amend clause (b) of sub-section (2) of section 5 of the Aircraft Act, 1934 with a view to restrict the power of the Central Government to charge fees only at those aerodromes to which the proposed legislation does not apply or is not made applicable. However, until the function of providing air traffic services (including aeronautical and flight information services), aeronautical communication and navigational aids and meteorological services at the aerodromes to which the proposed legislation applies or is made applicable is entrusted to the Authority, the Central Government will continue to have power to charge fees for providing such services and aids at those aerodromes.

## FINANCIAL MEMORANDUM

The Bill provides for the constitution of an Authority for the development and management of the four international airports at Delhi, Bombay, Calcutta and Madras. Power has been conferred on the Central Government to apply the provisions of the Act to any other airport where international air transport services are operated or are intended to be operated. The Bill further provides that for the present air navigation services at these airports will continue to be provided by the Central Government until such date as that Government may, by order, determine.

2. Under clause 12(1) (c) of the Bill, all non-recurring expenditure incurred by the Central Government for or in connection with the purposes of the airport up to the date of vesting of the airport in the Authority, and declared to be capital expenditure by the Central Government, shall be treated as the capital provided by the Central Government to the Authority. Under clause 12(1) (d), all sums of money due to the Central Government in relation to the airport immediately before the date of vesting of the airport in the Authority shall be deemed to be due to the Authority.

3. Clause 12(1) (c) will result in the transfer of assets and properties worth about Rs. 23.27 crores after taking into account the element of depreciation estimated at Rs. 97.87 lakhs. The exact value of the assets to be transferred will, however, be decided by Government after a detailed scrutiny of the assets. The sums of money which under clause 12(1) (d) shall be deemed to be due to the Authority on the vesting date cannot be estimated. However, the annual income for the year 1969-70 is estimated to be of the order of four crores and seventy-one lakhs of rupees.

4. Air navigation services at the airports aforesaid will continue to be provided by the Central Government until such date as that Government may by order determine. Clause 12(2) (a) provides that as from the date determined by the Central Government for the transfer of the air navigation services at the airport to the Authority, the equipment and appliances relating to air navigation services and the buildings used exclusively for such services immediately before such day shall vest in the Authority. Clause 12(2) (c) provides that all sums of money due to the Central Government for or in connection with air navigation services immediately before the date mentioned above shall be deemed to be due to the Authority. If it is decided by the Government to transfer air navigation services to the Authority the value of the equipment and appliances relating to air navigation services and the buildings used exclusively for such services to be vested in the Authority under clause 12(2) (a) is estimated to be of the order of Rs. 10.74 crores. The residential buildings at these airports are at present primarily occupied by the personnel employed in the air navigation services and the value of these buildings, if it is decided by Government to transfer them to the Authority is esti-

mated at Rs. 1.95 crores. The value of the land occupied for residential buildings is included in the value of assets and properties indicated in para 3 above. Though under clause 12(2) (c) all sums of money due to the Central Government for or in connection with air navigation services on the vesting date shall be deemed to be due to the Authority, at present no separate charges are being levied by the Central Government for such services. However, if on a future date the Central Government levies such a charge, all sums of money due in respect of the same immediately before the date of transfer of such services to the Authority would accrue to the Authority, the estimate in respect of which cannot be made at present.

5. Clause 18 provides for the payment of additional capital, loans and grants to the Authority by the Central Government. Since the payment of additional capital, grants and loans to the Authority will depend on the future requirements of the Authority in the context of its development plans, the amount that may have to be incurred by the Central Government from the Consolidated Fund of India on this account cannot be estimated at present. However, on the basis of the provision made in the Fourth Five Year Plan and the expenditure incurred in 1969-70 and likely to be incurred in 1970-71, an amount of rupees twenty-nine crores is likely to be spent for the development of these airports during the subsequent years of the Fourth Plan.

6. Clause 23(2) provides for the guarantee by the Central Government of the repayment of the principal and the payment of interest in respect of the loans borrowed by the Authority under sub-clause (1) of that clause. The ultimate liability arising out of such guarantee cannot be estimated at this stage.

### MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 36 of the Bill empowers the Central Government to make rules to carry out the purposes of the proposed legislation. The various matters with respect to which rules may be made have been detailed in particular in sub-clause (2) of the clause and relate mainly to the conditions of service of the Chairman and other members of the Authority; the period of notice required to terminate the appointment of any member who is required to render part-time service and who is not a servant of the Government, and the period of notice that may be given to the Central Government by a member before he resigns his office; the conditions and limitations subject to which the Authority may appoint officers and other employees; the terms and conditions subject to which the non-recurring expenditure incurred by the Central Government for or in connection with the purposes of any airport shall be treated as the capital provided by the Central Government to the Authority; the manner in which the Authority may invest its funds and the form in which the Authority shall prepare its annual statement of accounts. These are matters of detail and it is difficult to provide for these matters in the Bill itself. Under sub-clause (3) of the clause, the rules made under the clause will be laid before Parliament for its scrutiny.

2. Clause 37 of the Bill empowers the Authority to make regulations not inconsistent with the proposed legislation and the rules made thereunder, to provide for all matters for which provision is necessary or expedient for the purpose of giving effect to the provisions of the legislation. The various matters in relation to which the Authority may make regulations have been detailed in particular in sub-clause (2) of the clause. These matters *inter alia* relate to the times and places of the meetings of the Authority and the procedure to be followed for the transaction of business at such meetings; the conditions of service and the remuneration of officers and other employees appointed by the Authority; the storage or processing of goods in warehouses established by the Authority, and preventing obstruction within the airport for the normal functioning of the Authority. These matters are also of detail and it is difficult to provide for the same in the Bill itself. Under sub-clause (2) of clause 38, no regulation made by the Authority will have effect until it has been approved by the Central Government.

3. The delegation of legislative power proposed to be conferred on the Central Government and the Authority under clauses 36 and 37 respectively of the Bill is of a normal character.

## BILL No. 92 of 1971

*A Bill to provide for validation of certain proceedings in relation to direct taxes and for matters connected therewith.*

Be it enacted by Parliament in the Twenty-second Year of the Republic of India as follows:—

1. This Act may be called the Central Board of Direct Taxes (Validation of Proceedings) Act, 1971. Short title.
2. Notwithstanding any judgment, decree or order of any court, tribunal or any other authority, no approval, declaration, determination, recognition, direction, instruction, notification, order or rule, or other thing or action given, made, granted, issued, done or taken or purporting to have been given, made, granted, issued, done or taken by the Central Board of Direct Taxes, constituted under the Central Boards of Revenue Act, 1963, in the exercise of the powers or the performance of the duties entrusted to it by the Central Government or by or under any law (not being the Estate Duty Act, 1953) shall be deemed to be invalid or ever to have been invalid by reason only of the fact that such approval, declaration, determination, recognition, direction, instruction, notification, order, rule, thing or action was given, made, granted, issued, done or taken by the Chairman and other members of the said Board, either singly or jointly, without having been validly entrusted with the powers or duties

54 of 1963.

34 of 1953.

Validation of certain proceedings.

in that behalf in accordance with the provisions of the aforesaid 1903 Act or the rules made thereunder, and accordingly—

- (a) all acts, proceedings or things done or taken in pursuance of such approval, declaration, determination, recognition, direction, instruction, notification, order, rule, thing or action shall, for all purposes, be deemed to be, and to have always been, done or taken in accordance with law; and
- (b) no suit or other proceeding shall be instituted or continued against the Government or any person or authority whatsoever on the ground that any such act, proceeding or thing was not done or taken in accordance with law.

### STATEMENT OF OBJECTS AND REASONS

Recently, in the case of *Shri R. Dalmia v. Union of India and others*, the High Court of Delhi held that the notices issued to the petitioners under section 148 of the Income-tax Act, 1961, for the re-assessment of income which had escaped assessment, were null and void as the sanction of the Central Board of Direct Taxes to the issue of such notices, as required by section 151 of the Income-tax Act, was granted by a Member of the Board to whom this work had not been validly allocated with the previous approval of the Central Government as envisaged by rule 4 of the Central Board of Direct Taxes (Regulation of Transaction of Business) Rules, 1964. During the period from June, 1964, till about July, 1969, distribution of work among the Chairman and Members of the Central Board of Direct Taxes had been made from time to time without making it clear on the face of the order that such distribution had been made with the prior approval of the Central Government. According to the decision of the Delhi High Court, various actions taken by the Chairman and Members of the Board in pursuance of those orders of distribution of work are liable to be regarded as invalid and without jurisdiction.

2. Under the provisions of the Income-tax Act, and other enactments relating to direct taxes, the functions of the Board cover a very wide range and include the declaration of foreign associations to be companies for purposes of taxation, distribution of jurisdiction amongst Income-tax authorities, approval to the waiver or reduction of minimum penalty imposable in cases of voluntary disclosure of escaped income or wealth, besides grant of approval to re-opening of assessments for the assessment or re-assessment of escaped income. The effect on revenue if these actions of the Chairman and Members of the Board are held to be invalid—due to the absence of the previous approval of the Central Government to the distribution of work amongst them—would be very considerable and it is not practicable even to hazard an estimate in this behalf. It is, therefore, necessary to validate all such actions, taken in the past in pursuance of schemes for distribution of work amongst the Chairman and Members obtaining from time to time. The Bill seeks to give effect to this object.

NEW DELHI;  
The 19th June, 1971.

Y. B. CHAVAN.

PRESIDENT'S RECOMMENDATION UNDER ARTICLES 117 AND  
274 OF THE CONSTITUTION OF INDIA

[Extract from letter No. 35|FB|71(TPL), dated the 22nd June, 1971  
from Shri Y. B. Chavan, Minister of Finance to the Secretary, Lok Sabha.]

The President having been informed of the subject matter of the Central Board of Direct Taxes (Validation of Proceedings) Bill, 1971, has recommended under articles 117(1) and 274(1) of the Constitution, the introduction of the said Bill in the Lok Sabha.

S. L. SHAKDHER,  
*Secretary.*

